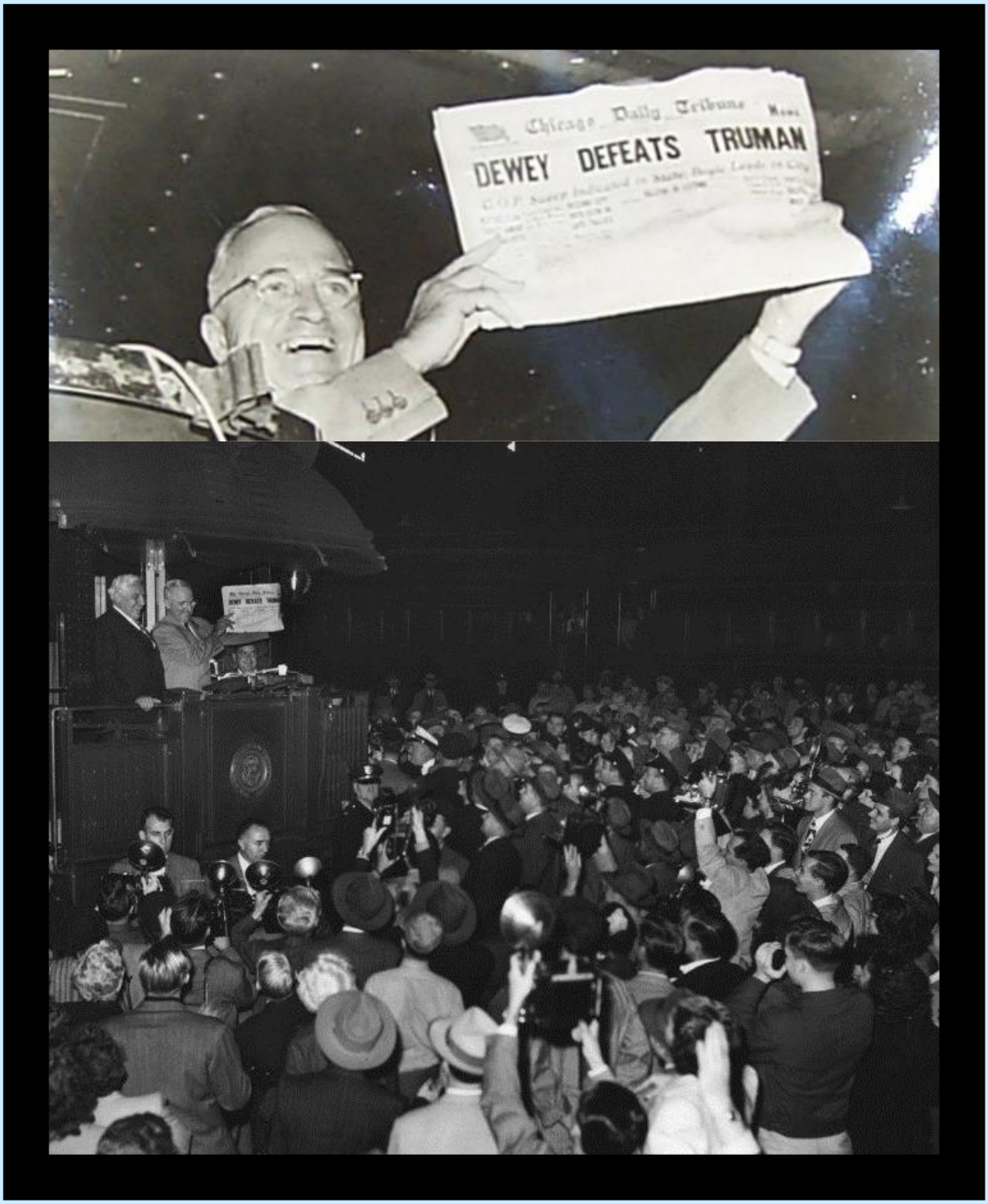
Warren's Waterloo:
The California Health Insurance Plan That Wasn't
(And the New York Plan That Was and Is)

Daniel J.B. Mitchell

Ho-su Wu Professor

UCLA

Harry and Louise: 1993-94



1948

Chicago Daily Tribune

HOME

DEWEY DEFEATS TRUMAN

G.O.P. Sweep Indicated in State; Boyle Leads in City

REPUBLICAN TICKET AHEAD OF 1944 VOTE

Tops Coghlan in Hot Race for Attorney

RECORD CITY VOTE SEEN IN LATE TALLIES

BULLETINS ON ELECTIONS

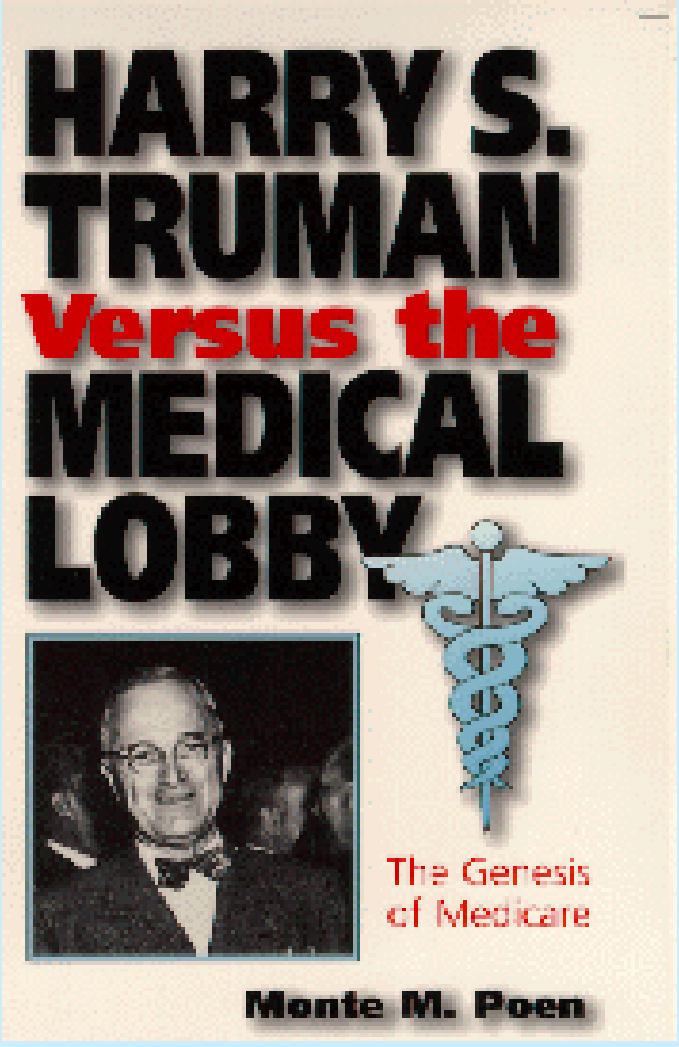
Early Count Gives G.O.P. Senate Edge

PUTS G.O.P. BACK IN THE WHITE HOUSE

Dewey Defeats Warren (?)

with the inadvertent help of Fiorello La Guardia

Was this really the turning point?



Main Proposition

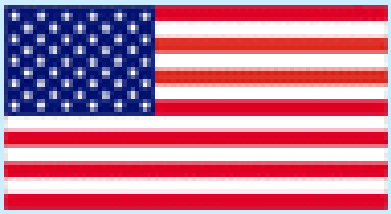
The death of government-run single-payer health insurance occurred in California during 1945-47.

It was Earl Warren vs. the California legislature and the medical establishment;

not Harry Truman vs. the Congress and the medical establishment in 1949.

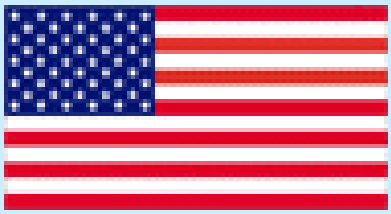
Corollary

If Warren had prevailed in California, the U.S. might well have ended up with a Canadian-style system (state-run single-payer health plans).



More General Lesson

The path dependency of the history of U.S. health insurance policy.



Pre-Warren California History

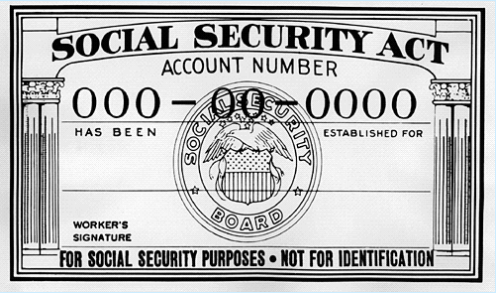
- **World War I era ballot proposition**
- **1935: Doctors' plan**
- **Culbert Olson's plan**
- **Calif. Physicians Service**

Blue Shield of California
An Independent Member
of the Blue Shield Association

Warren's Motivation

- **Family experience (?)**
- **Earlier prosecution of sham commercial health plans**
- **Non-elderly social welfare**
- **Alternative to New Deal-type federal plan proposals from Senator Wagner and others**
- **Presidential ambitions**

National Background



- Social Security omits health insurance
- Growth of unions
- World War II wag controls
- Conservative congress
- Tax code

Act I: 1945

- **Consulting the docs**
- **Announcing the plan**
- **Doctor opposition**

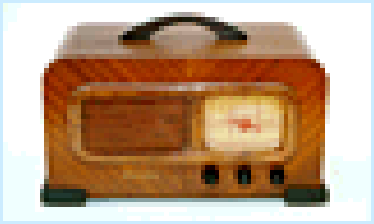
  Whitaker and Baxter

  Calif. Physicians Service

- **Business opposition**
- **AFL vs. CIO**

  Fee for service vs. capitation

- **Failure**
- **Hospitalization only plan**
- **Failure again**



Act II: 1947

- **Background:**
  1946 Election
- **Catastrophic Health Insurance Plan**
- **Employer play or pay**
- **Failure again**

Meanwhile in New York...

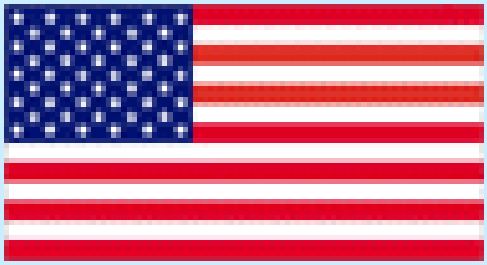
Health Insurance Plan

…public policy encourages an employer-based HMO...

…and unions negotiate their own employer-based plans, imitated by the nonunion sector. A new interest group is formed.

- Unions
- Employers
- Insurance companies
- HR/personnel administrators

Subsequent



- Truman's 1948 Campaign
- Truman: 1949
  - *AMA hires Baxter & Whitaker*
- Medicare/ Medicaid
- Nixon plan
- Clinton plan
- Children of working poor

- 1992: CMA's Prop 166 (employer mandate)
- 1994: Prop 186 (single payer)

Warren's Waterloo:
The California Health Insurance Plan That Wasn't
(And the New York Plan That Was and Is)

Daniel J.B. Mitchell

Ho-su Wu Professor

UCLA